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P&G tops in cosmetics

Purchase of Noxell stings Lintas

By Laurie Freeman and Pat Sloan

Procter & Gamble Co., in agreeing last Friday to buy Noxell Corp. in a $1.3 billion stock swap, instantly moved to the No. 1 ranking in the $3 billion U.S. mass-market cosmetics business.

The move also positions P&G to battle archrival Unilever internationally. Unilever has been on a buying spree over the past few years, adding Chesebrough-Pond's, Calvin Klein Cosmetics and Faberge/Elizabeth Arden to its stable of businesses.

In a memo to P&G employees, Chairman-CEO John G. Smale said the pending Noxell deal gives P&G "a real opportunity" in the growing cosmetics business "by joining strong Noxell brands with P&G's research and development capabilities and international infrastructure."

Mr. Smale said by acquiring Noxell, P&G "is in an excellent position . . . to accelerate the growth of our health and beauty-care business."

The acquisition also immediately put Lintas:USA, New York, on the hot seat. Lintas handles about $60 million in Noxell (Cover Girl and Noxzema) advertising but stands to lose the accounts because of its close relationship with Unilever.

The agency can trace its beginnings to the late 1800s as a Unilever house shop. It currently has $70 million in Unilever billings in the U.S. and works for the company in 37 countries.

Lintas parent Interpublic Group of Cos. has about $250 million in Unilever billings worldwide.

Noxell and P&G have one ad agency in common, however: Leo

(Continued on Page 94)

What will happen to Lintas' Cover Girl? Burnett already has Clarion (l.).

BBDO, 1974: It's Burger King's own version of the Supremes singing the famous "Hold the pickle . . ." jingle to a customer who gets it his way.

JWT, 1982: Lots of close-ups of beef, tomatoes, pickles and onions were featured as consumers were asked, "Aren't you hungry?"

JWT, 1985: It's the promotion man's nightmare as the $40 million search for Herb isn't found amusing. Even nerds didn't like the campaign.

N W Ayer, 1988: Forget the frying pan and go for the burger that tastes like it was grilled outdoors was the background image of "We do it like you'd do it."

The new campaign, the successor to this line of hits and flops, promises to "break the rules" with a mix of emotional image spots and food pitches.

Burger King plan: 'Break rules'

By Scott Hume

Burger King Corp. this week unveils the most eagerly anticipated advertising since its own "We do it like you'd do it" 18 months ago.

But the fast-food chain is also giving birth to a new marketing strategy, nine months after its acquisition by Grand Metropolitan.

Burger King CEO Barry Gibbons and Exec VP-Marketing Gary Langstaff have spearheaded an aggressive strategy to reverse Burger King's fortunes by placing a heavy emphasis on revitalizing the menu.

The "brand identity" advertising from D'Arcy Masius Benton & Bowles and the "brand retailing" creative from Saatchi & Saatchi Advertising both reportedly carry the theme "Breaking the rules." And one of the industry rules Burger King plans to break is that the menu shouldn't change too often.

Over the next six months, Burger King's menu will change repeatedly and significantly.

Next week, Burger King introduces a new line of branded sandwiches called BK Doubles. The five-item group includes three existing sandwiches—Double Cheeseburger, Bacon Double Cheeseburger and Bacon Double Cheeseburger Deluxe—plus two additions: Salsa Double Cheeseburger and Barbecue Bacon Double Cheeseburger.

Memos from Burger King marketing executives have promised franchisees to support BK Doubles with "a totally new in-store marketing concept" and a total "branded line" approach to its menu.

On Nov. 15, Burger King will roll out a second new "branded line," this time a variety of finger foods called Pick 'Em Ups.

Initially, the line will include a reformulated version of Chicken Tenders and new Fish Tenders (wedges of fish with a Japanese-style breading).

Five sauces—barbecue, honey, sweet and sour, tartar, and ranch—will be available with the line.

Those changes are the beginnings of a menu overhaul management found to be long overdue.

Looking at sales changes over the past two years, Burger King's new management found its signature Whopper sandwich has been very strong, but sales of specialty burgers—especially some double burgers—and non-entree items have been weak.

According to franchisee re-

(Continued on Page 94)

LAST MINUTE NEWS

DDB eyes West Coast

SAN FRANCISCO—DDB Needham Worldwide is negotiating to buy two West Coast agencies. Elgin Syferd, a $35 million Seattle agency, said it has no "concrete offer" from DDB Needham and its DDB Needham Retail unit but that a deal "very well may" happen. Deulofeu-Wilson, a $12 million Culver City, Calif., retail shop, said a deal with DDB Needham Retail is "close."

Coors to buy Stroh assets

GOLDEN, Colo.—Adolph Coors Co. this week will announce the purchase of major assets of financially troubled Stroh Brewery, sources said. Coors declined comment, and Stroh couldn't be reached. Coors agencies include Foote, Cone & Belding, Chicago, and GSD&M, Austin, Texas. Stroh agencies inciude Hal Riney & Partners, San Francisco, and Ross Roy Inc., Bloomfield Hills, Mich.

Marriott, Hertz set contest

WASHINGTON—Marriott and Hertz plan a contest offering $90 million in prizes. The contest starts Oct. 16. Promotion is handled by Porter/Novelli and Hill & Knowlton, New York.

Pru invites shops

NEWARK, N.J.—Prudential Insurance Co. of America invited D'Arcy

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Chrysler plans to stomp out blandness and go for more of a niche marketing strategy.

'Sun's' up ..... P. 62
Ralph Ingersoll II talks about his thinking behind starting up the *St. Louis Sun*.

Life goes on ..... P. 66
Joe Winski looks at the people who are making Lord Einstein O'Neill a success.

Chrysler declares war on blandness

New marketing style for 1990's: risky business

By Raymond Serafin

In a dramatic shift, Chrysler Motors is making a commitment to take more risks in the 1990s by adopting more niche marketing strategies.

Some executives within Chrysler are calling the shift an "anti-vanilla" movement. The goal is to eliminate blandness in everything from products to advertising.

"If you do cars that just blend into [a] homogenous surface, you're not going to get attention anymore," said Chrysler Motors President Robert Lutz, who cited the attention-getting Mazda Miata as an example of a product that drew attention for being "manifestly different" from the competition.

"There's much more willingness [at Chrysler now] to take risks on very radical designs," Mr. Lutz said in an interview during last week's preview of Chrysler's 1990 model products.

Along with Mr. Lutz, others regarded as among the prominent proponents of the new direction are Tom Gale, VP-product design, and Laurel Cutler, vice chairman of FCB/Leber Katz Partners, New York, who added the title of VP-consumer affairs at Chrysler last November.

R. Lutz

L. Cutler

"There is no future for products everyone likes a little, only for things that somebodies like a lot," Ms. Cutler said. "Products designed to offend no one will die."

One likely future product that fits the bill at Chrysler is the Dodge Viper, a two-seater that may be powered by a V-10 engine, both now under development.

As in the case of the Viper, brand personality will play a bigger role in developing future products, from sensible Plymouths to sophisticated Eagles.

With that idea in mind, Chrysler overhauled much of its advertising for the 1990 model year (AA, Sept. 4). "We've produced middle-of-the-road advertising" in the past, Mr. Lutz said. "1990 is the first year where the agency and ourselves and our dealers believe we've produced breakthrough advertising."

Among the changes: Dodge has adopted a hellbent-for-humor style in TV spots directed by Joe Pytka, Plymouth has enlisted Tina Turner as spokeswoman and Chrysler brand has dropped longtime spokesman Ricardo Montalban.

Eagle, however, has retained the breezy style it adopted early in 1989, and Jeep continues as a premium, one-of-a-kind line.

Jeep "taught us the power inherent in a brand that's truly differentiated and consistent over time," Ms. Cutler said.

Campbell-Mithun-Esty, Southfield, Mich., handles Jeep/Eagle; BBDO Worldwide, Southfield, handles Dodge; and Bozell, Birmingham, handles Chrysler/Plymouth.

Chrysler has undergone "a fundamental reversal in our attitude toward consumer research" on products and advertising, Ms. Cutler said. "A good average score has become a directional arrow to nowhere. The only right numbers on a scale of 10 have become 10, and maybe zero. Polarization is good. When enough people love it, the people who hate it don't matter."

As an advertising example, some consumers may dislike Tina Turner, Ms. Cutler said, but she will appeal "intensely" to others.

Brand personality will be a big-

(Continued on Page 92)

Time package is pricey

By Judith Graham

Time Inc. Magazine Co.'s groundbreaking "Target Select" ad package will carry hefty 70%-125% premiums above standard rates for *Time*, the industry's revenue leader, sources say.

Time Inc. magazine group executives this week will formally introduce "Target Select" to advertisers and their agencies.

Whether the perceived advantages of the program are worth its high price will be closely analyzed as advertisers and agencies review its details.

"It is of interest," said Jan Soderstrom, VP-advertising director at Visa International. "But obviously, the pricing is going to be a consideration compared with other [targeted-marketing] opportunities."

Cost-per-thousand rates for ads directed at "high-income seniors" —one of three groups targeted in the program—will be $67.86 in 1990, compared with an estimated $27.94 rate for *Time* in 1989. Next year's rates for *Time* haven't been announced; the premium estimates assume a 7% increase.

Ads aimed at "recent movers," another target group, will bear a $51.11 CPM in 1990, while those going to "direct responders" will have a per-thousand cost of $19.03, compared with the direct-mail industry average of $300 per thousand.

While cautioning that Philip Morris Cos. hadn't looked closely at "Target Select," Ellen Merlo, VP-marketing services, said, "Promotionally, it could be a good idea. But I'm not sure it would make a lot of sense for general advertising."

Informal discussions with a handful of *Time's* largest advertisers have been taking place for the past six months, sources say.

"We have either already signed or are very close to signing more than two advertisers," confirmed Donald M. Elliman Jr., exec VP-marketing for the magazine group. He said that incremental revenues from "Target Select" are expected to reach $20 million to $25 million in its first year.

Although *Time*, *People* and *Sports Illustrated* are participating in the program, only one issue per month of each magazine will carry the special ads.

Money will also be included in the high-income segment and *Entertainment Weekly* is eventually expected to join the group.

A maximum of eight pages of advertising in each specialized monthly edition, created through the use of selective binding technology, will be devoted to the high-income and recent movers groups. No such limit applies to advertisers targeting the direct responders.

The program will give advertisers the ability to customize advertising. Personalized messages can tell readers, for example, where to find a local dealer or offering special incentives.

Sources say advertisers will pay 35% to 100% above the national page cost of a given magazine for ink jet printing, depending on the complexity of the job. □

Ad Age's 34th annual "100 Leading National Advertisers" report finds advertising and promotional spending on the upswing, as the Top 100 U.S. marketers spent $32.2 billion in advertising in 1988, up 6.7% from 1987, when the Top 100 recorded 4.3% growth. The report will appear as a special issue Wednesday, Sept. 27.

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'National' pitches low with ad rates

By Scott Donaton

The National, the daily sports newspaper making its debut this winter, is offering low charter rates designed to attract apprehensive advertisers.

"The rates are at an out-of-pocket price you're likely to take a chance on," said Paul Ducharme, VP-director of print media at Grey Advertising, New York.

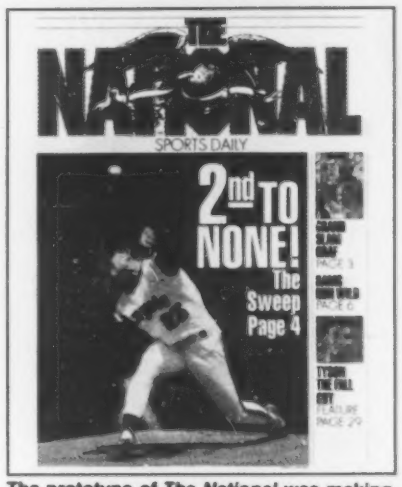
The one-time rate for a b&w page in the national edition is $7,200, and a color page is $9,800. Estimated circulation is 250,000 in three cities. The rate for a b&w page in the New York edition, with a circulation of about 100,000, is $4,000.

By comparison, *USA Today*, expected to be the sports daily's toughest competitor, charges $50,704 for a b&w page and $65,916 for a color page with a circulation base of 2 million.

The National last week named Serino Coyne, New York, as its ad agency, and will break a trade campaign in October.

Initially, *The National* will carry just eight to 12 ad pages a day.

"The readers will carry it," said Peter Price, former publisher of the *New York Post* and *The National's* president and publisher. "If they read it on a regular basis, the advertising will come. But if we based our profitability or relied for our income on advertising, we'd have to stretch too far."



The prototype of *The National* was making the rounds last week at agencies.

"We just started actively making presentations, and we're beginning to see substantial contracts take shape," Mr. Price said. "We have several commit-

(Continued on Page 91)

Healthy food pace quickens

Leaving regulatory forces behind

By Julie Liesse Erickson and Judann Dagnoli

NEWS ANALYSIS

The U.S. is entering an era of superfoods, if the government allows.

Food marketers—acting without government guidance or regulation—are facing a once-in-a-lifetime opportunity to create products that they claim can help improve consumers' health rather than just offer them good taste or convenience.

"Healthy products have the potential to change the face of the whole consumer-product business," said Timothy Ramey, a industry analyst with County NatWest Securities. "You can envision a time when there are subcategories of healthy products in areas throughout the supermarket."

But the problem is that food marketers' research and development is outpacing government efforts to create health-claim guidelines for the new products.

Research is yielding new ingredients, and new uses for potentially potent foods.

Psyllium, an East Indian seed, is the key active ingredient in General Mills' Benefit cereal and Kellogg Co.'s Heartwise. And the Rice Council of America is hurrying to finish research on rice bran that could lead to health claims by brown rice marketers and an influx of new products using rice bran as a soluble fiber ingredient.

In October, Kraft General Foods Group will introduce Sealtest Free, a non-fat, cholesterol-free ice cream that uses cellulose gel as a fat substitute. Cellulose gel, derived from tree cellulose, is yet another fiber source.

Ralston Purina Co.'s Protein Technologies International unit this month began selling in retail stores its Fibrim high-fiber agent. Soybean-based Fibrim offers soluble and insoluble fiber at four times the concentration of oat bran and can be used in baking or in beverages.

These developments surely will feed the fire that's enveloping labeling and claims, a controversy that moved into the courts this month when the Texas attorney general sued Quaker Oats Co. over its oat-product

(Continued on Page 92)

Consumers go 'green'

By Scott Hume and Patricia Strnad

The "green revolution" is real.

The moves by Wal-Mart Stores and now K mart Corp. to spotlight manufacturers' products and packaging improvements designed to protect the environment are likely to win broad consumer approval.

According to a national survey conducted for *Advertising Age* by the Gallup Organization, consumers are deeply concerned about potential environmental damage caused by consumer products and packaging.

Further, they say they're willing to back their beliefs with a change in buying habits.

The national random telephone survey of 1,000 adults was conducted early last month, shortly before Wal-Mart first said it would give special in-store merchandising support to marketers trying to "help prevent lasting environmental problems." Last week, K mart Corp. disclosed a similar program.

Respondents were asked to rank the level of their concern about environmental damage caused by consumer products and packaging from 1 (not at all concerned) to 5 (very concerned). The survey has a margin of error of 3.1%.

Overall, the mean ranking was 4.14, and nearly half the sample (49%) ranked their level of concern as 5.

Significantly, less than 1% of those surveyed had no opinion on this issue, indicating the high level of interest in environmental issues.

Nine out of 10 respondents said they'd be willing to make a special effort to buy products from companies trying to protect the environment.

That degree of commitment held true across all demographic categories, with better than 90% of respondents in all age groups, income groups, regions and races.

Consumers are more willing to give up convenience than to spend extra money to buy environmentally responsible products, but overwhelming majorities claim they're ready to make both changes.

Only 3% of the sample said they'd be unwilling to give up some convenience, such as disposability, in return for environmentally safe products. Among men, 96% said they'd forgo some convenience, compared with 94% of the women polled.

Most consumers surveyed also said they're willing to pay more for those products, though the size of the majority dips a bit to 88%. Slightly more women (90%) than men (87%) said they're willing to make financial sacrifices for more environmentally safe items.

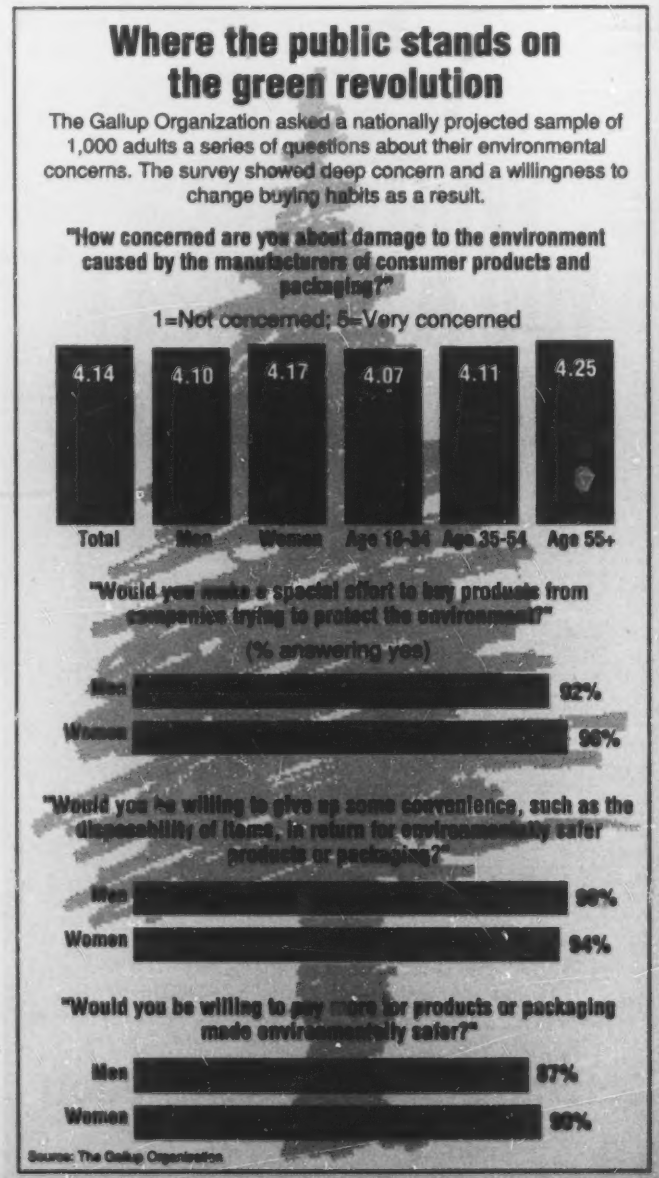
Support was highest among consumers ages 18 to 34 (90% saying they'd pay more) and weakest among respondents ages 55 and older (85%).

But the clear message is that

(Continued on Page 92)

Where the public stands on the green revolution

The Gallup Organization asked a nationally projected sample of 1,000 adults a series of questions about their environmental concerns. The survey showed deep concern and a willingness to change buying habits as a result.



Source: The Gallup Organization

Holly Bagsiao, John Holland

Artificial logs catch fire

By Kate Fitzgerald

The artificial-firelog market is starting to crackle again.

Absent from TV for several years, artificial-firelog advertising is coming back because the logs are said to be environmentally safer to burn than wood.

"People are more concerned about pollution and the environment, so now we're starting to promote the fact that our logs are safer and cleaner for the air," said Brad Hertz, VP-sales and marketing for Pine Mountain Corp. "We think it's going to help sales tremendously."

In the past year, the industry has formed the Firelog Manufacturers Association to promote independent test results showing that artificial firelogs produce 66% less particulate matter, 78% less carbon monoxide and 50% less visible smoke than regular firewood.

"People usually think real firewood is the best, but now we're trying to tell them that artificial logs are actually much safer to burn from the standpoint of kreosote buildup in your chimney and also the air you breathe," said Chris Caron, product manager for market leader Duraflame.

Pine Mountain will break its first 30-second TV spot on cable networks Oct. 29.

"Pine Mountain Firelogs are significantly cleaner to burn than real wood," the spot claims, over shots of flames and blue skies. Creighton Younnel Advertising, Stockton, Calif., handles.

Two national free standing insert coupon drops will support in November and January.

The artificial-firelog industry has been growing again, after faltering in the late 1970s and early

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Nike nearly does it in ad recall

By Scott Hume

August is a vacation month, so it's appropriate that among the ranks of the best-recalled advertising there was a lot of activity without much significance.

When the music stopped, many of the traditionally best-recalled advertisers had changed places in the monthly adWatch survey, but the names remained the same.

Coca-Cola moved up from second place into the top position in August, the first time its advertising has registered the best top-of-mind recall since the June 1988 survey.

Pepsi-Cola, which had held the top spot for the previous five months, fell to fifth.

Procter & Gamble Co.'s Tide rejoined the top 10, in the No. 9 slot, after finishing out of the money the previous month.

And a few advertisers that made surprise appearances among the top 10 earlier in the summer dropped from the list. AT&T Co., for example, No. 9 in July on the strength of its new campaign, didn't make it in August.

Neither did Sears, Roebuck & Co., seventh in June.

August just isn't a big month for splashy new campaigns that catch the attention of viewers, listeners and readers.

But there was at least one highly touted new campaign. And it was noticed.

Nike's "Just do it" TV spot featuring football and baseball star Bo Jackson playing hockey, tennis, basketball and electric guitar (with rock 'n' roll legend Bo Diddley) is one of the summer's most talked-about ads.

It didn't propel Nike into its first appearance among the top 10, but it came as close as an advertiser can—No. 11.

General Motors Corp. managed to turn a rare double play, placing not only ads for Chevrolet in the No. 6 spot but also corporate ads at No. 8.

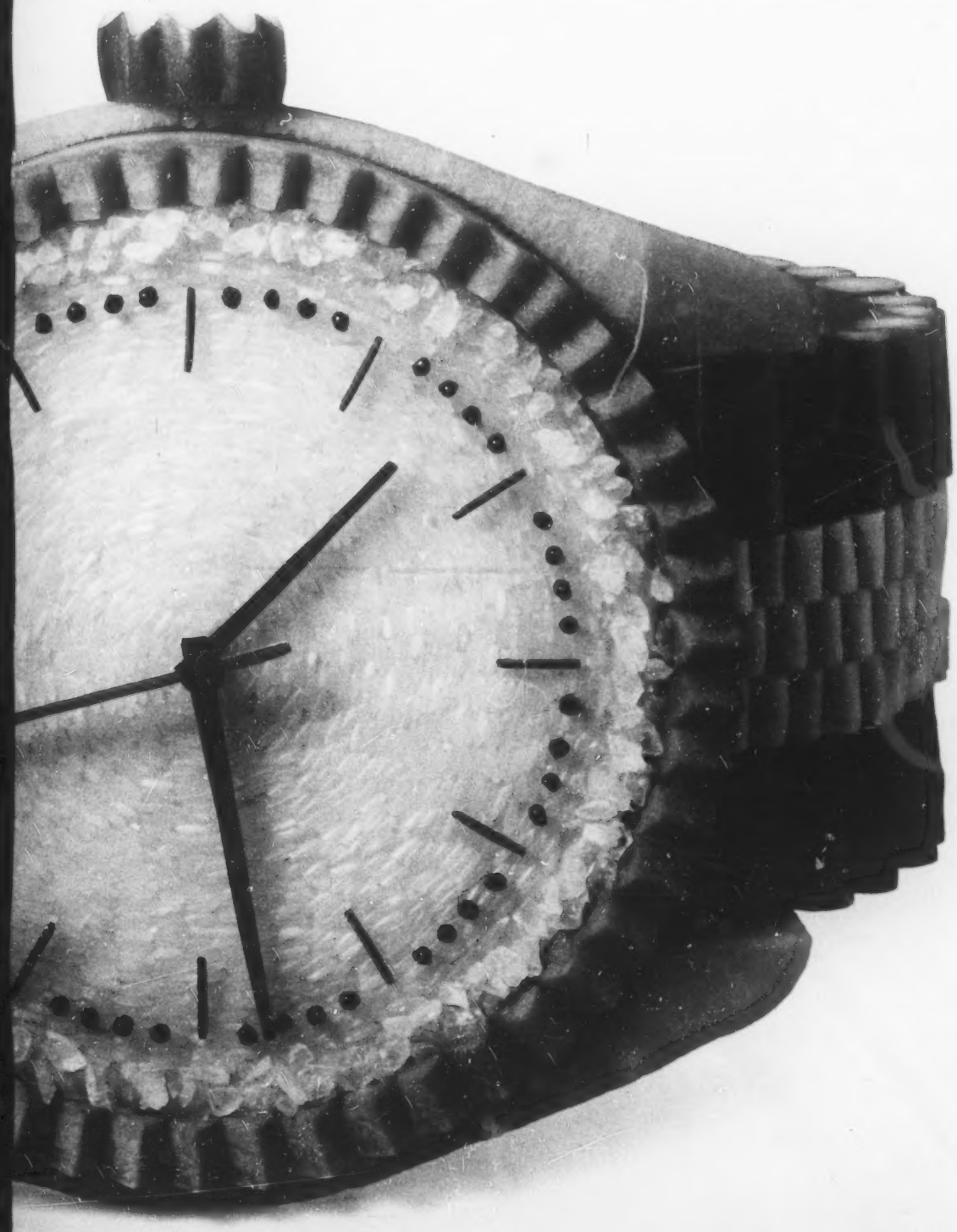
Overall, August was just marking time until the fall, when a flood of new advertising traditionally does battle for the top of consumers' minds and things really get interesting.

AdWatch survey of advertising awareness top 10 in August

Last month, 1,000 people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertisement first comes to mind? Source: Gallup Organization, Lincoln, Neb.

Rank 8/89	Rank 7/89	Advertiser	Agency
1	2	Coca-Cola	McCann-Erickson Worldwide
2	6	Budweiser Bud Light	D'Arcy Masius Benton & Bowles DDB Needham Worldwide
3*	4	Ford	J. Walter Thompson USA
3*	5	McDonald's	Leo Burnett USA
5	1	Pepsi-Cola	BBDO Worldwide
6	3	Chevrolet	Lintas Campbell-Ewald
7	7	Miller	Backer Spielvogel Bates Leo Burnett USA
8	—	General Motors	N W Ayer
9	—	Tide	Saatchi & Saatchi Advertising
10	—	Toyota	Saatchi & Saatchi DFS Pacific

*Indicates tie



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AdWatch is a joint project of *Advertising Age* and the Gallup Organization. Ad awareness is measured by asking a nationally projectable sample of adults to name the first advertiser that comes to mind, overall and in several categories, from among all ads seen, heard or read in the previous 30 days.

Last month, 1,000 adults were polled by phone. The margin of error is plus or minus 3.1%.

Among other changes of interest in the August survey:

- Advertisers have been playing "Can you top this?" with discounts in the **fast-food** category, but overall recall in the category was down last month.

McDonald's Corp., playing its "Blast Back With Mac" game, remained No. 1, of course, but its share of first mentions dipped slightly to 44.9% from 45.5%. No. 2 Wendy's International slipped to 12.7% from a 13.5% share in July.

No. 3 Burger King Corp. saw the biggest slide, dropping to 9.9% of first mentions from 12.1%.

Worth noting is the performance of Hardee's Food Systems, No. 4 overall with a 6.1% share in August. Hardee's has a strong store and advertising presence in the Southeast and Midwest but is weak in the Northeast and invisible in the West.

If recall of its advertising in its two strong regions were consistent nationally, Hardee's would have finished ahead of Burger King and only slightly behind Wendy's.

- Apple Computer suffered a 5.7-point decline in recall in the **computer** category, falling to a 27.2% share of first mentions, but remained ahead of No. 2 IBM Corp. (20%) and No. 3 Radio Shack (3.3%).
- Michelin Tire Corp. had picked up 4.9 share points in July but lost them again in the August survey. With a 14.8% share last month, it ranked second in the **tire** category, behind Goodyear Tire & Rubber Co. (26.5%). Firestone Tire & Rubber Co. remained No. 3 with 8%. □

For more information, contact the Gallup Organization, 301 S. 6th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

Group to boycott doll

TUPELO, Miss.—The American Family Association is organizing a boycott of both Matchbox Toys (USA) and stores that sell a new doll based on the steel-clawed Freddy Krueger character from the "A Nightmare on Elm Street" films.

Matchbox is planning to have the $24.99, 17-inch doll on shelves by Halloween (AA, Aug. 28). □

Cereal market up, No. 1 Kellogg down

By John C. Maxwell Jr.

Despite the market share problems Kellogg Co. is facing, the cold-cereal industry as a whole is looking forward to a strong 1989.

The industry's total volume is expected to rise between 4.5% and 5% to about 2.6 billion pounds; dollar sales are likely to grow 14% to $6.7 billion.

Last year, volume rose 4.5% to 2.47 billion pounds, and dollar sales climbed 11% to about $5.9 billion. Significant price hikes for breakfast cereal ingredients accounted, in part, for the substantial dollar increases.

Leader Kellogg saw market share slip last year to 41% from 42.25% in tonnage and to 40.9% from 42% in dollars. High-volume products such as Frosted Flakes, Corn Flakes and Rice Krispies were down in sales as people moved to what they consider healthier brands.

Such "healthy" Kellogg brands as Mueslix and Nutrific did very well, with both these relatively new brands capturing more than a 1% market share.

In addition, Common Sense Oat Bran, with a 0.3% share in 1988, had a 2% market share in the first quarter of 1989.

General Mills gained 0.5 percentage points in tonnage market share due in part to the strength of Honey Nut Cheerios, Total and several of its newer products. These new entries, such as Benefit, should help the company end its fiscal year with record share. So far in 1989, General Mills has about 23% of the cold-cereal market.

General Foods USA's overall share continued to erode (to 11.9%), partly due to the decline of some of its leading brands, including Grape-Nuts and Post Raisin Bran.

However, one of its newly reintroduced products, Fortified Oat Flakes, is proving to be a strong performer, capturing a 0.6% market share in the first quarter of 1989.

Quaker Oats Co.'s top brands, Cap'n Crunch, Life and 100% Natural, increased in share last year. And the new Quaker Oat Squares continues to grow, with a 1.2% share in the first quarter of this year.

But other products, including Life, are now showing declines.

The company's performance in 1988 showed lower dollar share than tonnage share. That's because Quaker didn't pass on two price increases to consumers and because of its aggressiveness with "buy one, get one free" promotions.

Both Ralston Purina Co. and Nabisco Brands basically maintained their market shares in 1988. Their leading brands lost share, but new-product entries helped offset the loss.

One new Ralston product, Muesli, is performing well this year with about a 0.5% share.

The "All Other" category increased 1.3 share points to 6.7% last year, due in large part to private labels cashing in on the oat bran craze. This category will likely decline to the 4%-to-5% level it held in the mid-1980s. □

Mr. Maxwell is with Wheat First Securities, Richmond, Va.

Market shares of the top 10 cold cereals

Brand	1987 Lbs.	1987 $	1988 Lbs.	1988 $
Corn Flakes (K)	6.3%	4.2%	5.8%	3.5%
Frosted Flakes (K)	5.9	5.5	5.3	4.8
Cheerios (GM)	4.6	4.9	4.5	4.6
Raisin Bran (K)	4.3	3.7	4.1	3.5
Rice Krispies (K)	3.6	3.8	3.4	3.5
Shredded Wheat (NAB)	3.9	3.6	3.2	3.0
Chex (RAL)	3.6	3.6	3.2	3.2
Cap'n Crunch (OAT)	2.9	3.2	3.2	3.0
Honey Nut Cheerios (GM)	2.9	3.2	3.1	3.4
Bran products (K)	3.5	2.8	3.0	2.5
Total	**41.5**	**38.5**	**38.8**	**35.0**

Source: John C. Maxwell Jr.

Cold cereal market shares

Brand	1986 Lbs.	1986 $	1987 Lbs.	1987 $	1988 Lbs.	1988 $
Kellogg						
Corn Flakes	6.6%	4.5%	6.3%	4.2%	5.8%	3.5%
Frosted Flakes	6.0	5.7	5.9	5.5	5.3	4.8
Raisin Bran	4.5	4.1	4.3	3.7	4.1	3.5
Rice Krispies	3.6	4.0	3.6	3.8	3.4	3.5
Bran products	3.5	2.8	3.5	2.8	3.0	2.5
Frosted Mini-Wheats	2.0	2.1	2.2	2.1	2.2	2.2
Froot Loops	2.4	3.2	2.3	2.9	2.1	2.6
Nutri-Grain	1.5	1.1	1.7	1.8	1.5	1.7
Special K	1.4	1.9	1.6	2.0	1.5	1.7
Apple Jacks	1.2	1.6	1.1	1.5	1.1	1.4
Squares	1.1	1.2	1.4	1.6	1.1	1.1
Mueslix	—	—	0.2	0.3	1.1	1.5
Nutrific	—	—	0.1	0.2	1.1	1.4
Crispix	1.0	1.0	1.0	1.2	0.9	1.1
Corn Pops	1.0	1.1	0.9	1.1	0.9	1.1
Just Right	0.9	0.9	0.8	1.0	0.9	1.1
Product 19	0.9	1.1	0.8	1.0	0.8	1.0
Honey Smacks	1.2	1.3	1.0	1.0	0.8	0.8
Cocoa Krispies	0.7	0.9	0.6	0.8	0.5	0.6
Apple Raisin Crisp	0.4	0.5	0.4	0.4	0.3	0.3
Fruity Marshmallow Krispies	0.3	0.4	0.4	0.4	0.3	0.3
Common Sense Oat Bran	—	—	—	—	0.3	0.3
Cracklin' Oat Bran	0.3	0.4	0.5	0.6	—	—
Fruitful Bran	0.9	1.0	0.4	0.4	—	—
Pro Grain	—	—	0.2	0.2	—	—
Frosted Rice	0.2	0.2	0.2	0.2	—	—
Honey Nut Corn Flakes	0.3	0.4	—	—	—	—
Others	0.7	0.6	1.1	1.3	2.0	2.9
Total	**42.6**	**42.0**	**42.5**	**42.0**	**41.0**	**40.9**
General Mills						
Cheerios	4.9	5.1	4.6	4.9	4.5	4.6
Honey Nut Cheerios	2.9	3.2	2.9	3.2	3.1	3.4
Total	2.1	2.5	2.1	2.6	2.3	2.7
Lucky Charms	1.7	2.1	1.5	1.8	1.6	1.9
Wheaties	1.6	1.4	1.6	1.4	1.5	1.3
Raisin Nut Bran	0.6	0.7	1.0	1.0	1.2	1.2
Trix	1.4	1.8	1.1	1.5	1.1	1.5
Golden Grahams	1.0	1.1	1.0	1.1	1.0	1.1
Oatmeal Raisin Crisp	—	—	0.4	0.4	0.9	0.9
Cinnamon Toast Crunch	0.6	0.7	0.6	0.7	0.7	0.8
Kix	0.6	0.8	0.6	0.8	0.7	0.8
Cocoa Puffs	0.6	0.8	0.6	0.8	0.6	0.8
Crispy Wheats 'n Raisins	0.7	0.9	0.6	0.7	0.6	0.6
Monsters	0.5	0.7	0.4	0.6	0.5	0.6
Fiber One	0.5	0.4	0.4	0.4	0.3	0.4
S'Mores	0.4	0.5	0.3	0.3	—	—
Circus Fun	0.4	0.4	0.3	0.4	—	—
Clusters	—	—	0.2	0.2	—	—
Rocky Road	0.4	0.5	0.1	0.2	—	—
Buc Wheats	0.1	0.1	0.1	0.1	—	—
Others	0.2	0.4	0.3	0.5	0.6	1.3
Total	**21.2**	**24.1**	**20.7**	**23.6**	**21.2**	**23.9**

Brand	1986 Lbs.	1986 $	1987 Lbs.	1987 $	1988 Lbs.	1988 $
General Foods						
Grape-Nuts	2.3	1.7	2.6	1.8	2.4	1.7
Raisin Bran	2.5	2.0	2.5	2.2	2.3	2.0
Pebbles	1.4	1.5	1.5	1.9	1.5	1.9
Post Fruit & Fibre	1.5	1.6	1.4	1.4	1.1	1.3
Super Golden Crisp	1.1	1.1	1.1	1.1	1.0	1.0
40% Bran Flakes	0.8	0.8	0.8	0.7	0.8	0.6
Honeycombs	0.7	0.8	0.8	0.9	0.7	0.9
Post Toasties	0.8	0.6	0.7	0.5	0.5	0.2
Alpha-Bits	0.5	0.6	0.5	0.7	0.5	0.5
Raisin Grape-Nuts	0.3	0.3	0.2	0.2	0.3	0.3
Crispy Critters	—	—	0.3	0.3	0.2	0.2
Horizon Trail Mix	0.2	0.2	0.1	0.1	—	—
Smurfberry	0.1	0.2	0.1	0.1	—	—
CW Post	0.1	0.1	0.1	0.1	—	—
Fortified Oat Flakes	0.4	0.4	—	—	—	—
Others	0.1	0.1	0.1	0.1	0.6	0.8
Total	**12.8**	**12.0**	**12.8**	**12.1**	**11.9**	**11.4**
Quaker Oats						
Cap'n Crunch	2.6	3.1	2.9	3.2	3.2	3.0
Life	1.8	1.7	1.5	1.4	1.6	1.5
100% Natural	1.3	1.2	1.2	1.1	1.3	1.2
Oh's	0.5	0.6	0.9	1.0	0.9	1.0
Quaker Oat Squares	—	—	0.1	0.1	0.6	0.6
Crunchy Bran	0.6	0.6	0.5	0.5	0.5	0.4
Others	0.3	0.2	0.7	0.6	0.4	0.3
Total	**7.1**	**7.4**	**7.8**	**7.9**	**8.5**	**8.0**
Ralston Purina						
Chex	3.4	3.5	3.6	3.6	3.2	3.2
Almond Delight	0.7	0.7	0.7	0.7	0.6	0.6
Dinersaurs	—	—	—	—	0.5	0.6
Cookie-Crisp	0.5	0.7	0.4	0.6	0.4	0.5
Sun Flakes	0.5	0.4	0.2	0.2	—	—
Fruit Islands	—	—	0.2	0.3	—	—
Ghostbusters	0.4	0.4	0.1	0.2	—	—
Nerds	0.3	0.4	0.1	0.2	—	—
Rainbow Brite	0.1	0.1	—	—	—	—
Freakies	—	—	0.1	0.2	—	—
Others	—	—	0.1	0.1	0.7	1.0
Total	**5.9**	**6.2**	**5.5**	**6.1**	**5.4**	**5.9**
Nabisco						
Shredded Wheat	4.1	3.6	3.9	3.6	3.2	3.0
Fruit Wheats	—	—	0.7	0.7	0.8	0.7
100% Bran	—	—	0.5	0.4	0.5	0.4
Frosted Wheat Squares	—	—	—	—	0.5	0.5
Others	0.9	0.9	0.2	0.2	0.2	0.2
Total	**5.0**	**4.5**	**5.3**	**4.9**	**5.2**	**4.8**
All others	5.4	3.8	5.4	3.4	6.8	5.1
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: John C. Maxwell Jr.

S&A takes restaurant taste to supermarkets

By Christy Fisher

S&A Restaurant Corp., parent of the Steak & Ale and Bennigan's chains, is expanding into supermarkets.

The chain is taking some of its popular restaurant sauces and dressings and packaging them for national grocery sale, targeting markets where it has a concentration of restaurants.

S&A quietly introduced Steak & Ale steak sauce and Bennigan's barbecue sauce into six markets last January and is now working to get distribution for its Steak & Ale steak and chicken marinade, as well as Steak & Ale salad dressings, in honey mustard, island spice and blue cheese.

Radio, print and outdoor ads for the steak and barbecue sauces broke Aug. 28 in Dallas, Houston, Minneapolis and Jacksonville, Orlando and Tampa, Fla. A free standing insert drops Oct. 22.

Hall, Northway & Scofield, Dallas, handles.

S&A hopes that by moving into the retail market, it can build sales and expand awareness of its 387 restaurants, said Janet Smith, manager of special projects.

Advertising is themed "Just tell them you know the chef at Steak & Ale [or Bennigan's]" to tie the products to the restaurants.

Chris Wolf, editor of Noble Communications Co.'s *The Food Channel*, a foodservice newsletter, said "cross-pollination" between the foodservice and retail sectors is becoming more common. Retail marketers increasingly are promoting their products on restaurant menus while restaurant chains are creating specialty products to be sold at the grocery, he said.

"S&A Restaurant Corp. runs little risk of cannibalizing its restaurant sales [with the retail product] because the consumer mindset is different with each," he said. "If you want to eat dinner now, you go to a restaurant. But if you've got time and you want to save money, you wouldn't go out to a restaurant anyway."

S&A is developing other products, Ms. Smith said, but she declined to name them or say whether the company would expand its offerings outside of sauces and dressings. □

Gitlitz

(Continued from Page S-2)

apolis.

Now we are going to test . . . piggy-backing with magazines. So if you have a product, catalog or mail-order offer that's compatible with the audience of a magazine, you have some really good targeting. There are presently about 14 consumer magazines such as *Better Homes & Garden, Life, Metropolitan Home* and *Popular Science* that present some really good opportunities for our members to ride-along. The first one was out last August when *Endless Vacation* rode-along with *Golf*.

In addition to our tests, United Delivery Systems and some of our members have been doing things on their own. Quill Corp. [and others] have been developing their own knowledge and marketing information on how to use alternate delivery.

AA: *When do you think you'll get beyond the test phase?*

Mr. Gitlitz: We're calling it a test phase because we have so much to learn.

It's embryonic, but it's something we're committed to . . . we're in it for the long run.

AA: *What has been the U.S. Postal Service's reaction?*

Mr. Gitlitz: At one time our efforts were being totally ignored, but they're realizing [private delivery] is a threat now.

[The United States Postal Service is] starting to let their field people know about it, and that shows that they're taking it seriously. They are saying, "Look, it's not business as usual. There's something going on out here that we better pay attention to and if we don't do our job right, and we don't give people the service they want and the rates they want and operate efficiently, we are going to start losing some customers." And that is what's happening.

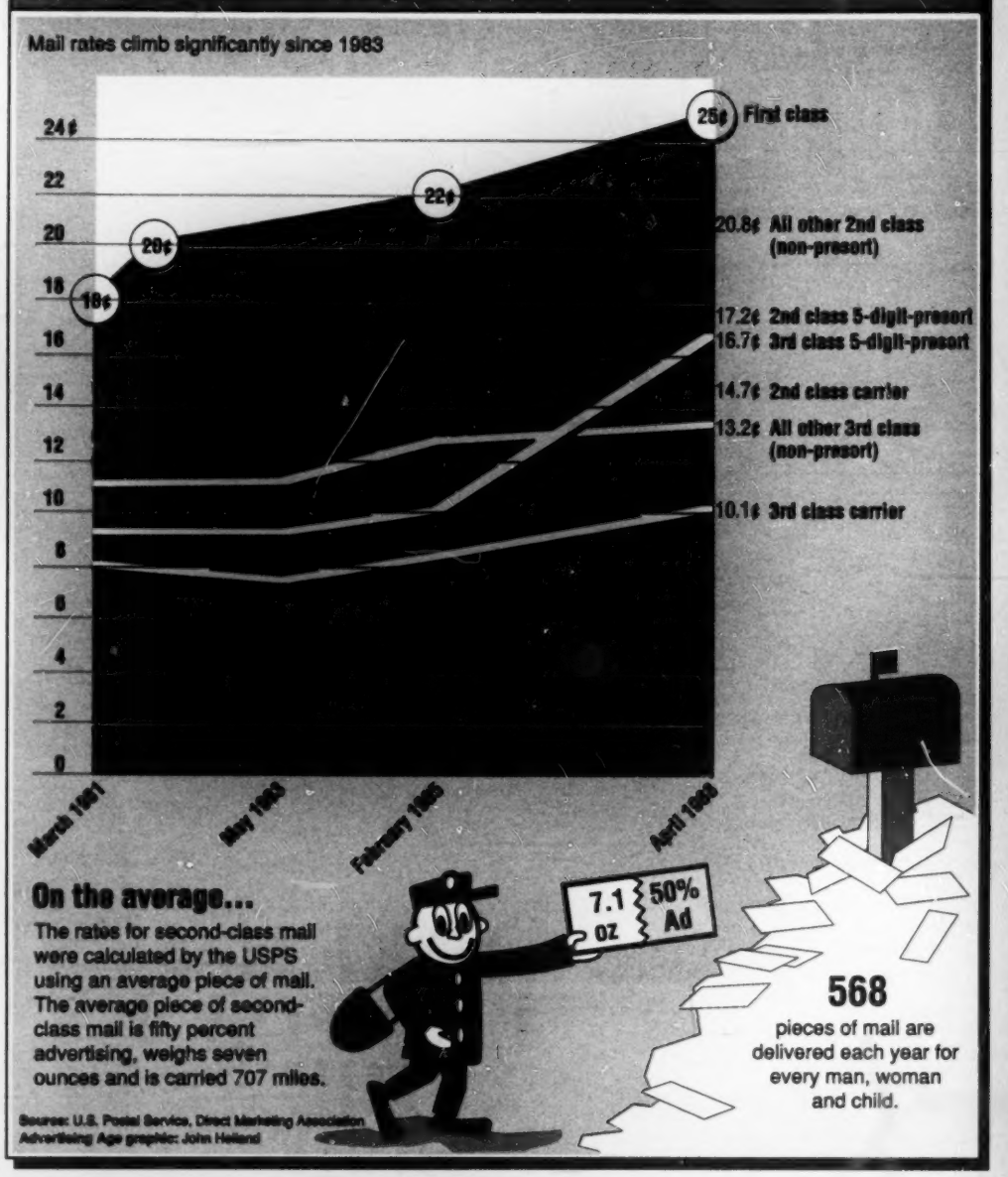
AA: *What do you think about Postmaster General Frank's program to bar code mailings?*

Mr. Gitlitz: His plans for bar coding—where almost everything is going to be bar coded by 1994-95—should cut costs. We're hoping that all the attempts at automation will produce productivity gains.

They have spent a lot of money on automation and, according to the studies by the Postal Rate Commission, there have been very little, if any, productivity gains that can be identified.

Fifty-five percent of third-class mail is through carrier route,

Postal increases rate another look



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PERSPECTIVAS

Imports roll over Detroit

By Ed Fitch

When American Honda Motor Co.'s first Hispanic effort—sponsorship of Mexico City's Ballet Folklorico's U.S. tour—kicked off this month, it followed in the footsteps of other Japanese automakers in aggressively pursuing Hispanic sales.

As a result, the Japanese imports are dancing all over Detroit in chasing the Hispanic car buyer.

According to R.L. Polk & Co. data on 1988 model year purchases, the leading two brands among Hispanics in the compact and subcompact categories are Japanese.

Not coincidentally, said Raul Torano, Univision Network s senior VP-sales, the Japanese automakers are bigger Hispanic market advertisers.

The domestic automakers are vacillating about whether to enter the market, continuing to question whether Hispanics can afford a $15,000 car, Mr. Torano said. He calls that question "one of the biggest myths in the market."

"I don't know why Detroit believes that," Mr. Torano said. "They have the same data as the imports."

In the 24 Polk-surveyed U.S. markets, Hispanic vehicle purchases climbed 9% while non-Hispanic purchases dropped 2%; the average cost of a 1988 model was $14,100.

Among domestic automakers, Chevrolet is becoming more aggressive, Mr. Torano said. Meanwhile, Chrysler Corp. plans to break a campaign next month via Montemayor & Asociados, San Antonio.

But the domestics' efforts will be met by new creative from Conill Advertising for Toyota Motor Sales next month and continuing spot activity by Nissan Motor via Casanova, Pendrill Publicidad. Mazda Motors of America is expected to enter the market in 1990.

Honda already has big plans to increase its activity. Specializing in fancy footwork, the company is expected to move from Ballet Folklorico to a more than $1 million sponsorship of the 1990 World Cup soccer tournament. La Agencia de Orci & Asociados handles. □

A driving force

1988 Hispanic vehicle registration

	Units	% chg. 1987-1988	% share of Hispanic sales
Passenger Cars	245,872	8.9	66.7
Trucks	122,938	10.2	33.3
Sub-compacts			
Hyundai Excel	20,528	11.2	8.3
Nissan Sentra	14,867	2.9	6.0
Ford Escort	11,882	30.9	4.8
Compact			
Honda Accord	9,998	27.5	4.1
Toyota Camry	5,741	53.1	2.3
Chevy Cavalier	5,189	–6.2	2.1
Standard/Intermediate			
Ford Taurus	4,244	–10.2	1.7
Olds Cutlass Ciera	3,108	–2.2	1.3
Chevrolet Corsica	3,071	131.1	1.2
Luxury			
Cadillac DeVille	1,757	–9.4	0.7
BMW 300	1,226	–16.5	0.5
Lincoln Town Car	1,116	–3.0	0.5

Source: R.L. Polk & Co.; Univision Network

JOHN HALL

MEDIA MOVES

National ambitions: *El Nuevo Herald* Publisher Roberto Suarez says taking the *Miami Herald* free-distribution supplement national has become a constant topic of discussion.

El Nuevo's success has introduced a lot of questions, he says. One relates to independence from the *Herald* and another concerns expansion. "There are certain U.S. markets that are very appropriate for a Spanish-language newspaper."

Some papers in those markets have their own ideas.

El Diario/La Prensa, New York's leading Spanish-language newspaper—recently sold to management by Gannett Co.—is investigating East Coast expansion.

Nuestro Tiempo, the *Los Angeles Times* free-distribution, Spanish-language insert, is moving from twice-monthly to weekly next March and has set its sites on becoming a daily, said Retail Advertising Coordinator Joe Coveto.

If Knight-Ridder takes *El Nuevo* national, "it will wake up a sleeping giant at *Diario las Americas*," *El Nuevo's* Miami competitor, said Strategy Research Corp. President Dick Tobin.

Diario's Advertising Director Miguel Suarez, Roberto's brother, admits there is room for growth. Brother Roberto concedes that if *El Nuevo* goes national, *Diario las Americas* most likely will be right behind them.

A suave move: Pending approval, Miami's WSUA-AM, "Radio Suave," will be sold to North Miami Broadcasting for an undisclosed price, said WSUA owner Herb Levin. "WSUA will serve the specialty Hispanic audience," concentrating on South Florida's growing Nicaraguan, Colombian and Argentine communities, he said.

—Anne Moncreiff Arrarte

HISPANIC CONSUMER
PROFILE:
José Luis Lopez
Age 21
Occupation Pharmacist
Annual Income $ 21,151
Favorite Activities Soccer & Car Shows
I REALLY LIKE
Reading to my daughter at night
Playing soccer with the guys
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SPANISH RADIO
SPANISH RADIO SPEAKS HIS LANGUAGE
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Kent plans don't include BBDO

By Judann Dagnoli and Gary Levin

NEW YORK—Lorillard's determination to revive its struggling Kent cigarettes has led to a split with BBDO Worldwide on the $10 million account.

The marketer is eyeing a restaging of the brand to a low-price or generic line, a strategy that BBDO strongly resisted, said Philip Dusenberry, ceo of the agency's office here.

"We had a basic difference of opinion on that and a myriad of other issues," Mr. Dusenberry said.

He said Lorillard discontinued ad support for Kent in August and said that in the past two years, out-of-home media placement in just four major markets "means that 75% of the country has not had the benefit of meaningful ad support."

Mr. Dusenberry said BBDO presented seven Kent campaigns in the past 12 weeks to Lorillard and would have been owed $350,000 in creative fees if the split hadn't occurred.

Sara Ridgway, VP-public relations at Lorillard, said Kent has "taken a hit" from low-price and generic cigarettes but said the split stemmed from "creative differences." She said there's been no decision to convert the brand, but didn't rule it out.

She said the company will re-evaluate creative and strategies for Kent.

Low-price cigarettes now account for 11.4% of the $34 billion market, and Lorillard is the lone holdout from that growing segment.

In seeking a new shop, the company said it would consider its other two agencies—Saatchi & Saatchi Advertising and Ally & Gargano—as well as unidentified others.

Saatchi, a Lorillard agency since 1980, handles True and Spring Lemon Lights. Ally has worked with the company since 1975 and now is the agency for Newport, Newport Stripes and Harley-Davidson cigarettes.

Should Lorillard trade its brand down to a low-price entry, it would be in good company.

Just this year, older established brands have been converted to price brands by Philip Morris USA (Alpine), Liggett Group (Chesterfield Lights) and Brown & Williamson Tobacco Corp. (Viceroy).

Lorillard has steadfastly refused to enter the segment, because "they feel they'll never make money on it," said Wheat First Securities analyst John C. Maxwell Jr.

But that attitude could change under the company's new chairman-ceo, Andrew Tisch.

Ms. Ridgway said Mr. Tisch, a former Lorillard brand manager, intends to have a hands-on approach to the business.

Mr. Tisch's family owns Lorillard through parent Loews Corp.

Kent has slowly but steadily lost share. Mr. Maxwell's figures show Kent had a 2.3% share in 1988 and inched up to 2.4% in the second quarter of 1989, ranking 13th in the U.S. □

Healthy food

(Continued from Page 3)

advertising, and Quaker quickly countersued.

The Quaker/Texas battle may force national regulatory action if the proliferation of health claims alone doesn't.

"I feel there's massive confusion with all these health claims for food," said Phil Sokolof, president of the National Heart Savers Association, a consumer advocacy group. "You can't rely on these marketers' health claims."

If consumers are confused, marketers are frustrated.

"With the states jumping in, [food labeling] has become like playing baseball with 50 referees: It's hard to play competitively and on a level playing field," said George M. Burditt, an attorney specializing in food-labeling issues with Burditt, Bowles & Radzius, Chicago, one of the law firms handling the Quaker case. "In fact, it's hard to play at all."

While the Federal Trade Commission and Food & Drug Administration start anew the process of formulating guidelines for the labeling and marketing of food products, marketers are "operating in a vacuum of federal regulation," said Charles Mitchell, staff attorney with Center for Science in the Public Interest, a consumer advocacy group.

Into that void has stepped everyone from individual states to the American Heart Association.

"The food industry ought to do its best to convince the FDA that, given current views in this country on food and its importance to a healthy lifestyle, we ought to be able to communicate that to consumers," said Luther McKinney, senior VP-law and corporate affairs for Quaker. "If we prohibit health claims, we are condemning the public to ignorance, condemning competition and discouraging further research."

Trends in cereal sales indicate that, for their part, consumers support products that might help them be healthier.

While the cereal industry as a whole grew 14% to $7.2 billion, sales of oat or bran cereals (hot and cold) were up 35.6%, to $2.26 billion for the year ended July 14, said Arbitron/SAMI consultant Alan Miller. Oat or bran products now account for 31.4% of cereal sales.

The newer segment of cereals combining oats and bran, including Kellogg's Common Sense Oat Bran and Heartwise, Quaker Oat Bran and General Mills' Benefit, grew about 369% to $271.2 million from $57.9 million, Mr. Miller said.

"We know consumers are interested in this area—and because they are, we feel responsible to publish information on the effect of diet on health," said Alta Engstrom, General Mills' director of nutrition.

Even the FDA agrees.

"Consumers are demanding more information about the products they buy, and we [the FDA] haven't quite caught up with those expectations," said L. Robert Lake, director of the Office of Compliance at FDA's Center for Food Safety & Nutrition.

The FDA plans public hearings on food labeling and health claims in October and November, with next spring a target for completed guidelines.

"With the states jumping in, [food labeling] has become like playing baseball with 50 referees: It's hard to play competitively and on a level playing field."

That would be nearly a year after General Mills' Benefit first hit store shelves.

"Absolutely, the FDA has to get involved," said one food company president. "But with the way the FDA works, it will take an order practically from Bush himself" to get the guidelines out.

Some expect the FTC, with Bush administration commissioners coming on board, to take a more active role.

"For better or worse, the FTC clearly has jurisdiction over health claims in advertising, and the new commissioners will be more active in the health area," said David Versfelt, advertising attorney with Donovan, Leisure, Newton & Irvine, New York, and counsel to the American Association of Advertising Agencies.

"Just as the Supreme Court reads election returns, the FTC is not unmindful" of public pressure, he said.

The reality for at least the next few months, however, is action at the state level.

"It's going to be very hard to stop the states from . . . [acting on their interest in] protecting their citizens," said Steve Durschlag, an advertising law attorney with Winston & Strawn, Chicago.

Some marketers, however, suggest government officials could hurt consumers as much by holding back good health claims as by preventing bad ones.

"We do not as a company create the news," said former Kellogg President Horst Schroeder in an interview last month. "Scientists are saying finally that foods and diet are a key issue of the 1990s."

Mr. Schroeder resigned his post last week *(see story on Page 6)*.

Said Quaker's Mr. McKinney: "If I were a politician, I would think long and hard before I tell my constituents I am going to ban messages that bring them the truth about products that can help their lifestyle."

Private industry is making a stab at self-regulation. In the past month, Kellogg and Quaker have outlined suggestions for internally monitoring proper and improper health claims.

"The recent concern about how to deliver a health message . . . is getting in the way," Kellogg Chairman-CEO William LaMothe said in announcing his company's health messages policy late last month.

But consumer groups question the selflessness of food marketers' interest in making health claims.

In addition to cereals, oils and margarines are at the center of the controversy over health-oriented marketing. And with frozen prepared meals called Healthy Choice from ConAgra Consumer Frozen Food Co. and Right Course from Stouffer Foods Corp. now moving into national distribution, frozen-foods marketers are just a step behind.

Others will jump in as not only new products but new ingredients are discovered. Procter & Gamble Co.'s olestra fat substitute, for example, is now awaiting FDA approval.

The bottom line in all this is to decide what information should be passed on to consumers and in what fashion. And as quickly as possible.

"This isn't that difficult to solve," Quaker's Mr. McKinney said. "We've advanced a lot in dietary options and the medical profession's perception of the relationship between diet and health. Now we need to resolve the relatively simple matter of communicating those ideas." □

Laurie Freeman and Jane Meyers in Washington contributed to this story.

Chrysler

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ger determinant than ever of a product's design, Mr. Lutz said. For instance, the new Chrysler Imperial unabashedly is pointed at older buyers who like conservative styling.

For the 1990s, Chrysler brand is being positioned as a traditional American luxury marque; Dodge as affordable, youthful performance; Plymouth as a smart buy; Eagle as a sophisticated, import-like choice; and Jeep as the premium sport-utility line.

Chrysler's major sales successes during the 1980s have been with unique vehicles such as Jeep trucks, minivans and convertibles. More often, however, the company has been the K mart of the automotive world, offering discounted imitations of products developed by its bigger rivals, General Motors Corp. and Ford Motor Co.

With at least 40 brands battling for share of the U.S. market, Chrysler's derivative-looking products have gotten a lukewarm reception from the automotive press and the buying public.

Through August, Chrysler's 1989 car market share was 10.8%, compared with 11.9% during the same period in 1988, *Automotive News* reported. An increase in Jeep sales has enabled Chrysler to hold steady at 21% of the light-duty truck market.

The biggest hurdle facing the "anti-vanilla" movement may be time. It will take about four years to overhaul virtually the entire product lineup—and insiders are worried that Chrysler's current belt-tightening will take its toll.

Chrysler is committed to cutting operating costs by $1 billion within 15 months (AA, July 31). So far, no new-product programs have been delayed or abolished, but the company's product planners privately are concerned that cautious financial officers will try to put the brakes on risky programs.

Mr. Lutz said Chrysler hopes to achieve its $1 billion in savings without trimming anything that affects the customer or the product. Chrysler is asking its ad agencies, like other suppliers, to propose ways to save money. Those proposals are expected to center on such issues as media buying and production costs.

"We don't want to cut their margins; we just want to help them cut their costs," Mr. Lutz said. "There are no current plans to ask them to reduce fees or reduce margins."

Mr. Lutz also said there are no plans to trim media budgets. □

Green

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companies seeking to reward manufacturers' efforts to minimize environmental damage are endorsing a principle consumers have already embraced.

K mart, the No. 2 retailer, announced its program with a page ad in the Sept. 20 issue of *USA Today* that outlined its plans to work with and encourage manufacturers and suppliers to provide "environmentally compatible products."

Wal-Mart also ran a page newspaper ad when it disclosed its program (AA, Aug. 21).

K mart has been meeting with several marketers, including Procter & Gamble Co., to discuss ways of improving products. One early result is that starting Oct. 1, all K mart stores in Florida will use photodegradable shopping bags, a switch that eventually may be extended to all K mart stores.

K mart is also developing a consumer campaign to promote its involvement in environmental preservation and educate customers on ways they can become involved.

"We're still exploring a number of different options," said Michael Wellman, VP-marketing. "I see no reason why we, too, wouldn't tag" products that are more environmentally safe, as Wal-Mart does.

Ross Roy Inc., Bloomfield Hills, Mich., and sister agency Calet, Hirsch & Spector, New York, handle K mart advertising, though last week's ad in *USA Today* was produced in-house.

Wal-Mart is "pleased" that K mart "decided to join the initiative," said Brenda Lockhart, coordinator of public relations. She said one of the retailer's goals "was to encourage others to take a stand."

Wal-Mart said it has received "tremendous" response from consumers and vendors so far. Many vendors are making plans to change packaging or content of products, Ms. Lockhart said. □

Contributing to this story: Christy Fisher in Dallas, Laurie Freeman in Washington and Kate Fitzgerald in Chicago.